Supplement to

INFORMATION LETTER

NATIONAL CANNERS ASSOCIATION

No. 1265 | Washington, D. C. | December 17, 1949

Statement by Carlos Campbell, Secretary of N.C.A., before the Gillette Subcommittee On Utilization of Farm Crops, Senate Committee on Agriculture, December 13, 1949

In response to a request from the committee, Carlos Campbell, Secretary of the National Canners Association, appeared before the Gillette subcommittee on Utilization of Farm Crops on December 13 to present information about the canning of fruits and vegetables pertinent to the subcommittee's investigation of price spreads and the farmer's share of the consumer's food dollar.

The Gillette committee is a subcommittee of the Senate Committee on Agriculture, to which it will report in January, 1950, on its investigation. In addition to Senator Gillette (Iowa), the subcommittee comprises Senators Lucas (Ill.), Holland (Fla.), Aiken (Vt.) and Young (S. D.).

Mr. Campbell's statement, as made a part of the record of the hearing, is reproduced below.

SENATOR GILLETTE: Our last witness is Mr. Carlos Campbell. Mr. Campbell, you may proceed with your statement.

MR. CAMPBELL: My name is Carlos Campbell of Washington, D. C. I am Secretary of the National Canners Association which is a non-profit trade association of about 1,000 members in 42 of the 48 states and in Alaska, Puerto Rico and Hawaii. The membership of the Association processes about 75 percent of the total industry pack.

I am appearing today at the request of this committee to present to it certain economic and statistical information relating to the production, processing and sale to consumers of canned fruits and vegetables. The information on costs of processing, including cost of the raw product, advertising expenditures, as well as Federal Income Taxes paid and profit earned by the canners, was assembled from the accounts and records of a selected group of individual canners representing typical large, medium and small operators selected geographically to represent approximately the same pattern of distribution as that of the entire group of packers in the industry.

Information relating to the retail price of canned fruits and vegetables, farm income, distribution of the consumer's dollar and other data unobtainable from canners' records, were obtained from official U. S. Government reports.

That portion of the information presented that lends itself to graphic presentation is shown in chart form in the body of the text. Each chart, however, is supported by a table giving the basic data from which the chart was prepared and the sources from which the data were selected. These tables are included in an appendix for the use of the committee.

The cost and profit and loss information is shown in tabular form in the text. These tables give a summary statement of data assembled by accountants from canners' financial records.

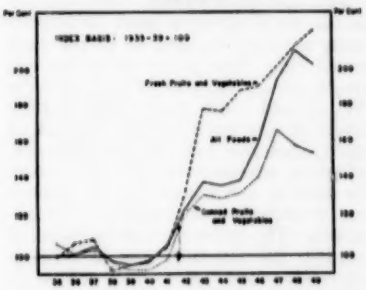
Consumer Prices

The ultimate impact of food prices is upon the consumer. She is the final judge as to what her taste and pocketbook combine to have her purchase.

May I, therefore, first direct your attention to the current position of canned fruits and vegetables in the economic food basket.

The consumer buying food in the retail store paid $2.10 on the average during 1948, for the same quantity of food she bought for $1.00 before the war. Her purchases of fresh fruits and vegetables during 1948 cost her $2.12 for a prewar dollar's worth. In the case of canned fruits and vegetables, however, the consumer paid only $1.58 during 1948 for the same quantity and quality that was purchased for $1.00 during the representative prewar period. Chart I shows graphically the movement of retail prices of these foods from 1935 to 1948 as reported by the U. S. Bureau of Labor Statistics. It will be observed that the increase over prewar prices has been less for canned fruits and vegetables.

Chart I: Retail Prices—Selected Food Groups, 1935-1949



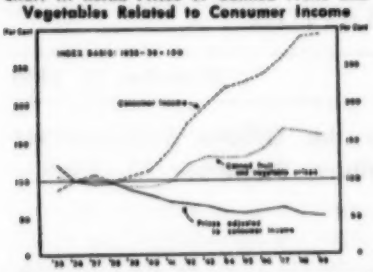
Source: Bureau of Labor Statistics, U. S. Department of Labor.

The level of retail prices, however, is not the only measure of the burden to the consumer in supplying food for her family. That burden may also be measured by the relationship of retail prices to the amount of money the average consumer has available for such expenditures.

Individual incomes have increased during the past 10 years much faster than prices of canned fruits and vegetables. Chart II shows the increase in that portion of the individual's income available for expenditure as the consumer chooses (disposable income). This Chart also shows the increase in the consumer's price of canned fruits and vegetables for the same period. It will be noted that disposable income has increased to a much higher level and at a more rapid rate than have consumer prices of canned fruits and vegetables, with the result that since the war the purchase of canned fruits and vegetables has taken a smaller

percentage of the consumer's income. This is shown by the bottom line on Chart II.

Chart II: Retail Prices of Canned Fruits and Vegetables Related to Consumer Income



Source: U. S. Departments of Commerce and Labor.

The current situation is indicated by the latest Bureau of Labor Statistics reports (October 15, 1949) which show the average retail price of canned fruits and vegetables to be only 147 percent of prewar and this is roughly 10 percent lower than the average for 1948.

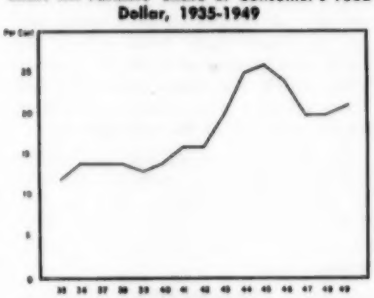
The consumer buying canned foods in the retail grocery store is buying many services in addition to the food in the can. The retail price, for example, covers the cost of transporting the canned food from the factory where it was processed, in carload or other wholesale lots, to wholesale distributing warehouses. It also covers the cost to the wholesaler of storing and distributing in small lots to retailers. The consumer's price likewise includes the retailer's cost of holding the canned foods on his shelf at a point convenient for the consumer to buy. These distribution costs provide a service to the consumer which the American public demands and for which the consumer is apparently willing to pay. These distribution costs take about 40 percent of the consumer's dollar spent at the retail store for canned fruits and vegetables. The canning industry necessarily does not get that portion of the retail sales dollar.

The canning industry has no reliable information on the cost of these various distribution functions, nor are we in a position to obtain such information. It is only on that portion of the consumer's dollar that is expended for growing and processing the fruit and vegetables in the can that we can give the committee reliable information.

In order, however, that a perspective may be obtained of the breakdown of the consumer's dollar spent for canned fruits and vegetables, it might be well to review briefly the studies of the U. S. Department of Agriculture relating to this subject.

The U. S. Department of Agriculture collects information and reports on the retail cost of a "Market Basket." The market basket is a specific list of foods presumed by USDA to be required for a family of three. The retail price of such a quantity of food is related to the prices paid farmers for the raw product equivalent, and the relationship indicates the farmer's share of the consumer's dollar. In the case of the canned fruits and vegetables part of the "Market Basket" the farmer's share amounted to 13.4 percent during the representative prewar period, 1935-39. During and since the war the farmer's share has increased, thus indicating that prices to the farmer for fruits and vegetables for canning have increased at a more rapid rate than have prices of the canned product to the consumer. Chart III shows the amount of the farmer's share for each of the years 1935-1949.

Chart III: Farmers' Share of Consumer's Food Dollar, 1935-1949



Source: Division of Marketing and Transportation Research, Bureau of Agricultural Economics, U. S. Department of Agriculture.

A breakdown of that share of the consumer's dollar going to others than the farmer is indicated by a study made by the Marketing and Transportation Research Division of the Bureau of Agricultural Economics, USDA.

The consumer's dollars shown in Chart IV are based on that study and are broken down to show the share retained by the farmer (raw product production), the share for processing, and the share expended for transportation, wholesaling and retailing (distribution costs).

Chart IV: Division of Consumer's Dollar Prewar and Postwar

The part of the 1939 dollar required for raw product production and processing totaled 56.4 cents. The combined farmer and canner share of the 1948 consumer dollar was 61.2 cents. Thus, the division of the share between farmer and canner changed materially between 1939 and 1948. During the latter year the farmer's share was one and one-half times the amount he received from the division of the 1939 dollar. The larger share to the farmer was effected by a reduction in the shares to the canner and to the distribution agencies, a reduction made possible by some improvement in operating efficiencies, but largely because of increased volume. The 1948 pack of canned fruits and vegetables was about 425 million cases compared to only 260 million cases packed during 1939.

Consumer's Dollar: Canner-Grower Share

The canning industry is closely related to agriculture. It is the medium through which a large part of the farmer's crop of fruits and vegetables is marketed. The commercial canning process converts a highly perishable crop into a non-perishable form, permitting transportation and storage without loss and thus materially broadening the market for many fruits and vegetables.

The integration of the growing and canning operation is further illustrated by the fact that many farmers own and operate canning factories in which they process their own fruit and vegetable crops. Similarly, some canners grow a part or all of their own fruits and vegetables. In both instances the farmer and the canner are the same.

However, considerably more than half of the volume of fruits and vegetables grown for canning are produced by farmers and sold to canners. Most of these crops are grown under contract, insuring the farmer a market for his entire production at a price agreed upon before the crop is planted. Many of these contracts effect a virtual partnership between the farmer and canner. Some of the crops are grown by farmers without contract and are sold on the open market. Such sales, however, account for only a small percentage of the vegetables grown for canning. The interdependence of farmers and canners is well expressed by Neil Carothers, Dean of the College of Business Administration, Lehigh University, in a published report of his exhaustive economic survey and analysis of the canning industry:

"This gives rise to a peculiarly intimate relation between farmer and

canner. In the case of vegetable canning the canner usually supplies the seed, sometimes supplies capital and labor, and often supervises cultivation and harvesting. From the time of contracting to final payment to the farmer, the welfare of both parties is based upon the success of the crop and the market for the product. The interests of the canner and the farmer are indissolubly joined.

"The relationship of canning and agriculture is made even more intimate by the fact that a large number of canners *are* farmers. Originally the canning industry grew out of the farming industry. Ambitious farmers discovered in the new industry of canning a means of disposing of their highest quality produce. In the course of time the highly technical problems of scientific canning called for a special industry of canning separate from farming, and the two are now distinct. But a large proportion of canners still grow their own fruits and vegetables.

"In 1938 more than 31 percent of the canning enterprises covered by the survey were owners of farms.

"This figure of 31 percent of canning enterprises owning farms does not fully represent the extent of farm ownership. In some cases stockholders in canning corporations own farm property personally. In other cases individual and partnership owners of canning enterprises own farms independently."

It seems logical, therefore, that the share of the consumer's dollar that is expended for growing, harvesting and processing fruits and vegetables should be termed the "canner-grower" share. An analysis of the canner-grower share may be made to show the portion that goes to the canner and the portion going to the grower. Such division, however, would apply logically to only that part of the industry in which there is an actual sale of the raw product by the farmer to the canner and where all of the growing operations are performed by the farmer and all of the processing by the canner. Since the division of these functions between the grower and the canner is so variable, it might be more logical to analyze the canner-grower share of the consumer's dollar in terms of the functions of growing, and processing as well as between the two—canner and grower—who are responsible for the performance of these functions.

The selling price of the canned fruit or vegetable f.o.b. canning factory constitutes the total canner-grower share. From the standpoint of the canner this selling price is made up principally of raw product cost; processing costs including labor, costs of cans, cases and labels; selling and advertising expenses, etc. If the selling price exceeds the total of these, the residual is a profit accruing to the canner, which he shares with his government. The canner's actual share is, therefore, the amount of his profit after Federal Income Taxes are paid. Frequently the canner's share is entirely eliminated, as when costs exceed selling price and a loss is incurred.

The accompanying table, labeled Table A, shows the breakdown of the canner's selling price for each of the seven principal fruits and vegetables. These four vegetables represent 86 percent of the total production of canned vegetables in 1948. The three fruits represent 38 percent of the total fruit pack.

Profits in the canning industry are very erratic. Not only do they fluctuate violently from year to year, but for any given year there may be a wide range of profits among companies or individual products packed. Profits usually are calculated for the entire operation of a company. Thus, where more than one product is packed, the averaging of profits and losses for the various products gives a profit figure for the entire operation but does not indicate the profit position of any one product. Many companies, however, in their cost accounting calculate the profit earnings for each product. The accounting procedure required for such calculation is arduous and can be computed accurately only by one who is well trained and experienced in cost accounting. For that reason, auditors and cost accountants whose operations are confined to the canning industry and who have had long experience in keeping and auditing canners' accounts were selected to assemble and compute the cost, profit and loss figures used in this report.

The years 1947 and 1948 were selected to present the picture for the postwar period for each of these products. In order that this postwar picture might be evaluated in terms of prewar, figures were computed for one prewar period in each instance. The year 1938 was selected merely because it was 10 years before the last year for which complete figures are available, 1948. This was an unfortunate choice since 1938 for most companies and for most products was a heavy loss year. As soon as that fact was discovered, data were assembled on some of the products for 1939, which is more typical of a normal prewar year. The accompanying tables therefore show a comparison with 1939 for the three principal fruits, but with 1938 for the four principal vegetables.

The Carothers economic survey of the canning industry previously referred to characterizes this prewar period in the industry and also gives a concise description of the profit pattern of the industry, as follows:

"The year 1938 was, generally, a period of slow recovery. In the canning industry it was a year of misfortune. The accumulated carry-over of the preceding year and the depressed prices for the product brought heavy losses. All the corporation groups showed deficits, and all the proprietorships would probably have shown deficits with proper charge-offs. Two-thirds of all enterprises had deficits. The industry as a whole, with the profits of the money-makers included, showed a net deficit of 7.62 percent on net worth.

"The earnings of all the corporations were 10 percent in 1936, 3.13 percent in 1937, and minus 7.62 percent in 1938. For the whole three-year period the net earnings were 1.84 percent. With income taxes deducted, the earnings in 1936, 1937 and 1938 were respectively 7.55 percent, 1.82 percent, and minus 8.13 percent. For the entire three years they were .41 percent.

"The first conclusion to be drawn from these figures is that there is no such thing as a 'profit rate' in the canning industry. It is true that there are bad years and good years, as in other industries. But even in the worst years some canners make profits. And even in the best years a material percentage of the industry makes no profits. A second conclusion is that in this industry successive seasons or years are not separate periods from the standpoint of earnings. The effects of one bad year are carried over to the next, with the carry-over, and one bad year may mean two or even three bad years. In fact, the forced suspension of operation of a large number of canners after two or three bad years is a partial cause of the profits of the survivors in the third or fourth year." [a]

It will be noted that profits in the above analysis were expressed in terms of net worth. OPA in its profit studies of the canning industry, made in preparation for the development of an equitable formula for ceiling prices, concluded that because of the financial structure characteristic of this seasonal industry the criterion of earnings in relation to net worth is not applicable, and therefore adopted the percent of sales basis.

This OPA profit analysis throws further light on the pattern of profits in the industry. Jean Carroll, Director of the Food Price Division of OPA, stated in 1944:

[a] Of 2,822 canning firms operating in 1928, 1,512 or 53.6 percent were out of business by 1938; the mortality during the next decade was not as great because of the war but has been very heavy during the last two years, 1948 and 1949.

"Several interesting facts were disclosed by the results of the survey. A wide range of differences was shown in net profit to net sales of fruit and vegetable canning operations throughout the country. Profit figures showed a range of from 9 percent loss to 24 percent profit with an over-all average of 6.9 percent profit for the industry. These figures were based upon 1940-41 weighted average."

The accompanying tables showing the canner's costs, income tax, profit and selling price are shown as a breakdown of each dollar of the canner's selling price. These figures may also be read as a percentage of canner's sales for each product.

Table A

Summary Statement Costs, Taxes, Profit and Loss for Selected Canned Fruits and Vegetables

Data compiled from individual canners' financial statements. Samples selected to represent entire industry packing these products. Each item in these tables is shown as a percent of the canner's selling price, or in other words, a breakdown of the canner's sales dollar.

Figures shown in parentheses indicate loss.

Peas

	1938 (dollars)	1947 (dollars)	1948 (dollars)
Raw Product—Paid to Grower	.3486	.3046	.3325
Advertising	.0116	.0058	.0150
All Other Costs	.8373	.6043	.6228
Total Canning Costs	1.1975	.9147	.9703
Federal Income Taxes	.....	.0319	.0112
Profit (after taxes)	(.1975)	.0534	.0185
Total Sales Price	1.0000	1.0000	1.0000

Corn

	1938 (dollars)	1947 (dollars)	1948 (dollars)
Raw Product—Paid to Grower	.2170	.2498	.2661
Advertising	.0207	.0136	.0149
All Other Costs	.9248	.6109	.6344
Total Canning Costs	1.1625	.8743	.9154
Federal Income Taxes	.0086	.0533	.0266
Profit (after taxes)	(.1711)	.0724	.0580
Total Sales Price	1.0000	1.0000	1.0000

Green and Wax Beans

	1938 (dollars)	1947 (dollars)	1948 (dollars)
Raw Product—Paid to Grower	.2872	.3520	.3509
Advertising	.0080	.0036	.0044
All Other Costs	.8888	.5079	.5904
Total Canning Costs	1.1840	.8635	.9457
Federal Income Taxes	.....	.0556	.0221
Profit (after taxes)	(.1840)	.0809	.0322
Total Sales Price	1.0000	1.0000	1.0000

Tomatoes [a]

	1938 (dollars)	1947 (dollars)	1948 (dollars)
Raw Product—Paid to Grower	.2607	.2445	.2810
Advertising	.0209	.0144	.0291
All Other Costs	.9441	.6845	.6030
Total Canning Costs	1.2257	.9434	.9131
Federal Income Taxes	.0033	.0242	.0393
Profit (after taxes)	(.2290)	.0324	.0476
Total Sales Price	1.0000	1.0000	1.0000

[a] Includes tomato products.

Apricots

	1939 (dollars)	1947 (dollars)	1948 (dollars)
Raw Product—Paid to Grower	.1746	.2702	.2106
Advertising	.0064	.0030	.0043
All Other Costs	.7995	.6910	.7638
Total Canning Cost	.9805	.9642	.9787
Federal Income Taxes	.....	.0136	.0081
Profit (after taxes)	.0195	.0222	.0132
Total Sales Price	1.0000	1.0000	1.0000
Price to Grower per ton:			
This sample	28.03	73.32	58.08
National average [b]	26.40	72.60	56.50

[b] Table 7, appendix.

Peaches

	1939 (dollars)	1947 (dollars)	1948 (dollars)
Raw Product—Paid to Grower	.1992	.2481	.3000
Advertising	.0103	.0055	.0081
All Other Costs	.8378	.6931	.6848
Total Canning Cost	1.0473	.9467	.9929
Federal Income Taxes	.....	.0208	.0027
Profit (after taxes)	(.0473)	.0325	.0044
Total Sales Price	1.0000	1.0000	1.0000
Price to Grower per ton:			
This sample	22.51	48.81	63.19
National average [b]	20.80	49.50	62.50

[b] Table 7, appendix.

Pears

	1939 (dollars)	1947 (dollars)	1948 (dollars)
Raw Product—Paid to Grower	.2277	.2933	.3722
Advertising	.0132	.0087	.0082
All Other Costs	.7868	.6045	.6504
Total Canning Cost	1.0277	.9065	1.0308
Federal Income Taxes	.....	.0355	(.0117)
Profit (after taxes)	(.0277)	.0580	(.0191)
Total Sales Price	1.0000	1.0000	1.0000
Price to Grower per ton:			
This sample	27.94	72.48	118.88
National average [b]	27.20	73.50	114.00

[b] Table 7, appendix.

Raw Product—Paid to Grower: This represents the price paid to the grower for raw products. In some instances it does not include all of the value returned to the grower because very often seed, fertilizer, spraying, etc., were supplied by the canner. These are costs which are normally borne by the grower. If adjustments had been made for these expenditures, the farmer's percentage would be somewhat higher than that shown for some of the products.

Advertising: The sample for each of the vegetables, and for apricots, peaches and pears includes figures for the large national advertisers in slightly larger proportion than their volume of the total industry.

All Other Costs: Labor is an important item in canner costs. The Bureau of Labor Statistics reports average wage rates in the canning industry for 1949 were about two and one-half times as large as the rates prevailing in 1938 and 1939. The following table showing data for the canning industry, taken from the Census of Manufactures, shows the production labor cost in the canning industry to be 38.5 percent of the value added by manufacture in 1947 compared with 27.7 percent in 1939:

	Value added by manufacture	Wages Paid Production Workers	Production Labor Cost as a Percent of Value added by manufacture
	—(millions of dollars)—		(percent)
1947	610	235	38.5
1939	227	63	27.7

From 1947 to 1949 hourly earnings in the canning industry increased approximately 10 percent thus materially increasing cost of labor in canning over that of 1947.

Profit: Profit or loss is calculated from the profit and loss statements of the individual canners and combined to show a representative profit figure for each product. Income tax was then calculated for each product and the profit after taxes shown. It is believed that no additional explanation is necessary as the tables themselves present the picture with sufficient clarity.

Raw Product Cost: Grower's Share

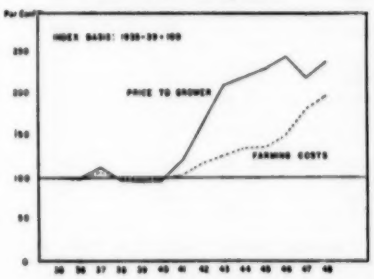
A large part of the fruit and vegetable crop is grown under contract by the farmer for the canner. Since these contracts are made and a price agreed upon between the grower and canner before the selling price of the finished canned product is known, the canner is in effect advancing to the farmer the grower's share of the selling price;

or in other words, the canner is dividing an unknown product and giving the grower a specific guaranteed amount as his share.

This practice of planting and growings crops for processing under contract insures the grower a market for his crop at a guaranteed price, but because of the timing the price received by the grower for any given year may not bear the same relation to the canner's selling price of the finished canned product as the costs of growing the crop bear to the combined cost of growing and processing. These slight difference, however, tend to be adjusted from year to year to an equitable distribution as between the farmer and the canner.

Accounting information is not available to show the farmer's cost of growing his crops. A fairly reliable measure of farmers' costs, however, is the index published by the USDA and used by that Department in connection with the calculation of the farmer's parity price ratio. Chart V shows the weighted average price received by farmers for fruits and vegetables grown for processing. It also shows the prices paid by farmers for equipment and other products entering into the cost of operating their farms. It should be noted that prices paid farmers by canners for fruits and vegetables for canning have increased more during the past 10 years than have the farmer's cost in operating his farm.

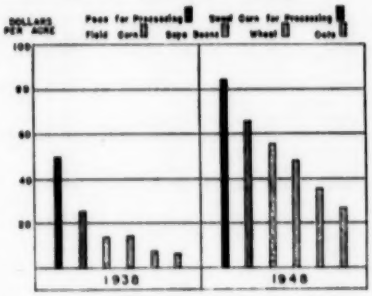
Chart V: Farm Price of Fruits and Vegetables Related to Farming Costs



Income per acre: Efficient farm management requires a crop rotation system with a number of crops being grown on the same farm each year. These crops compete with each other for acreage and the farmer's decision as to which crops to plant depends to a considerable degree on the income per acre he may reasonably expect from each crop.

Chart VI shows the income per acre realized by farmers growing sweet corn and peas for canning in relation to the income received from four other crops that compete with these two canning crops for acreage. The costs of growing and harvesting these crops are fairly comparable.

Chart VI: Income Per Acre for Certain Principal Crops (National Averages)



The chart shows two things: First, that the farmer's income per acre from all of these crops was considerably larger in 1948 than it was 10 years earlier, and that for both years his per acre income from growing sweet corn and peas for canning was larger than that of any of the other competing crops.

Chart V shows a higher farm income per ton for recent years than prewar. Chart VI shows higher postwar income per acre than for prewar. It should be pointed out also that the postwar acreage and tonnage of vegetables grown for processing is considerably larger than before the war. The U. S. Department of Agriculture reports production of the major vegetables grown for processing. The 1938 crop according to these reports totalled 3,623,000 tons. The 1948 vegetable crop for processing totalled 5,459,000 tons, thus indicating approximately a 50 percent increase in the size of the farmer's crop of vegetables marketed through the processing industry.

The population increase during this 10-year period was about 11.5 percent. Thus the production of vegetables marketed through canning has increased from four to five times as much as the population increase. This is reflected in an increase of from 20 to 25 percent in the per capita consumption of canned vegetables. The increase in the marketing of fruits through canning was comparable to that of vegetables with a resultant increase in per capita consumption of canned fruits somewhat higher than that for canned vegetables.

Summary

A consumer buying the same quantity of canned fruits and vegetables each year has found that a smaller percentage of his income has been required for postwar than for prewar purchases. In fact, a purchase of canned fruits and vegetables that required an income expenditure of one 8-hour day before the war can be purchased today with the income from only 4 hours and 13 minutes.

Consumers have apparently figured out for themselves what the BLS figures show officially, as canned fruit and vegetable sales have increased materially compared with prewar. The BAE estimates the per capita consumption of canned fruits and vegetables for 1949 to be 122 percent of the 1935-39 average. This higher consumption per person together with the increase in population during the last decade has provided a market for a farm crop of fruits and vegetables nearly 50 percent larger than before the war.

This retail price advantage to the consumers of canned fruits and vegetables has not been made at the expense of the farmer. The growers of the fruit and vegetable crops marketed through canning were receiving 50 percent more of the consumer's 1948 dollar than of the 1939 dollar. The grower's income has been further increased by the fact there were many more consumer dollars to divide in 1948 than in 1939. Thus the 50 percent larger share, together with the larger consumer expenditures, has made a four-fold increase in the farm income for the principal processing vegetables from $54,000,000 in 1939 to $214,000,000 for the 1948 crop. The farm value of three fruits sold for canning—apricots, peaches and pears—increased from $14,000,000 in 1939 to $75,000,000 in 1948.

The canning industry plays a major role in this production and marketing process. To recount all of its contributions would lengthen this report unnecessarily. It is, however, important in connection with this study to mention that the commercial canning industry applies to the marketing of agricultural products the advantages of scientific industrial production. Through constant research and the application of typically American "know-how", the industry has steadily improved its operating efficiency.

The canning industry, however, cannot eliminate such hazards as variable crop yields due to uncontrollable

weather, nor surpluses and destructive carryovers, nor the many other risks inherent in the agricultural industry of which it is a part. In the processing and marketing of canned fruits and vegetables these risks are largely borne by the canner, accounting in large part for the erratic profit pattern of the industry and the relatively more stable return to the farmer.

The canning industry does not presume to take credit for the economic advantages that have accrued to the consumer of canned fruits and vegetables nor for the increase in the farmer's share of the consumer's dollar, nor does the industry contend that the modest profits shown indicate any philanthropic tendencies.

These phenomena can, however, be explained by the simple factual statement that they are the normal result of the keen competition that characterizes this industry.

APPENDIX

Table 1

Trend of Canned Fruit and Vegetable Prices Compared with Fresh Fruit and Vegetable, All Food, and All Consumer Products' Prices, 1935-1949

(On index bases—1935–39 = 100)

Years	Canned Fruits & Vegetables	Fresh Fruits & Vegetables	All Foods
	(*percentages*)		
1935	106.2	98.8	100.4
1936	100.9	106.2	101.3
1937	103.2	108.6	105.3
1938	97.4	92.1	97.8
1939	92.3	95.1	95.2
1940	94.2	97.3	96.6
1941	97.9	104.2	105.5
1942	121.6	132.8	123.9
1943	130.6	178.0	138.0
1944	129.5	177.2	136.1
1945	130.2	188.2	139.1
1946	140.8	190.7	159.6
1947	166.2	201.5	193.8
1948	158.0	212.4	210.2
1949 [1]	154.3	220.5	202.5

[1] Through October. Source of data: Bureau of Labor Statistics, U. S. Department of Labor.

Table 2

Canned Fruit and Vegetable Retail Price Index in Relation to the Disposable Personal Income Index, 1935-1949

(Index basis: 1935–39 = 100)

Years	Index of Canned Fruit and Vegetable Retail Prices	Index of Disposable Personal Income	Index of Canned F. & V. Prices in Relation to the Index of D. P. I.
	(*percent*)	(*percent*)	(*percent*)
1935	106.2	87.6	121.2
1936	100.9	99.8	101.1
1937	103.2	107.4	96.1
1938	97.4	98.9	98.5
1939	92.3	106.0	87.1
1940	92.4	114.3	80.8
1941	97.9	139.0	70.4
1942	121.6	176.3	69.0
1943	130.6	200.0	65.3
1944	129.5	222.1	58.3
1945	130.2	228.2	57.1
1946	140.8	238.8	59.0
1947	166.2	259.8	64.0
1948	158.0	288.2	54.8
1949 [1]	154.3	292.3	52.8

[1] Through October. Sources of data: Retail Prices—Bureau of Labor Statistics, U. S. Department of Labor; Disposable Personal Income—Office of Business Economics, Commerce Dept.

Table 3

Retail Price, Marketing Margin, Farm Value, and Farmer's Share of the Canned Fruits and Vegetables Component of the Market Basket Annually 1935-1949

Years	Retail Price 1	Marketing Margin 2	Farm Value 3	Farmer's Share 4
	(*dollars*)			(*percent*)
1935	15.04	13.17	1.87	12
1936	14.34	12.36	1.98	14
1937	14.68	12.57	2.11	14
1938	13.75	11.79	1.96	14
1939	12.87	11.17	1.70	13
1935–39 av.	14.14	12.21	1.92	13.4
1940	12.67	10.86	1.81	14
1941	13.39	11.30	2.09	16
1942	16.50	13.78	2.72	16
1943	17.70	14.16	3.54	20
1944	17.09	12.80	4.29	25
1945	17.24	12.72	4.52	26
1946	19.62	14.92	4.70	24
1947	23.35	18.66	4.69	20
1948	21.50	17.16	4.34	20
1949 [1]	20.76	16.37	4.39	21

[1] Through September. Source of data: *Price Spreads Between Farmers and Consumers for Food Products*, 1913–44, Misc. Pub. No. 576 (September 1945) (Supplement—June, 1947) and subsequent annual and 1949 monthly records of the Bureau of Agricultural Economics, USDA.

Table 4

Functional Distribution of the Consumer's Dollar Expended for Canned Fruits and Vegetables

Function	1939, 1948, and 1949		
	1939	1948	1949
	(*cents from retail dollar*)		
Retailing	24.8	21.0	20.5
Wholesaling	12.2	11.0	11.0
Transporting	5.5	5.2	5.9
Processing	43.2	41.2	39.9
Assembling	1.1	1.6	1.7
Producing	13.2	20.0	21.0
All	100.0	100.0	100.0

Source of data: Based on studies of the Marketing and Transportation Research Division, B. A. E., U. S. Department of Agriculture covering the data for 1939, and projections of the respective shares to 1948 and 1949 on the basis of known or estimated trends.

Table 5

Seasonal Weighted Average Prices of Seven Principal Fruits and Vegetables for Canning, and Prices Paid by Farmers for Commodities Used in Production

1935–1948

Years	Weighted Average Price of Seven Principal Fruit and Vegetable Crops for Canning [1]		Index of the Prices Paid by Farmers for Commodities Used In Production
	Actual (*dollars per ton*)	Index (*percent*)	(*percent*)
1935	17.50	100	100
1936	17.30	99	98
1937	20.10	115	107
1938	16.40	94	98
1939	16.20	93	96
1935–39 av.	17.50	100	100
1940	16.80	96	98
1941	21.30	122	103
1942	29.30	167	117
1943	37.10	212	128
1944	38.80	222	136
1945	40.40	231	137
1946	43.40	248	151
1947	38.70	221	183
1948	42.20	241	200

[1] Apricots, peaches, pears, snap beans, sweet corn, green peas, and tomatoes. Source of data: Bureau of Agricultural Economics, U. S. Department of Agriculture.

Table 6

Income Per Acre for Certain Principal Crops

Crops	Farm Value (1,000 dollars)	Harvested Acreage (1,000 acres)	Income Per Acre (dollars)
	1938		
Peas for Processing	15,965	322	49.58
Sweet Corn for Processing	8,808	345	25.53
Field Corn	1,279,711	92,160	13.89
Soya Beans	43,768	3,035	14.42
Wheat	514,231	69,197	7.43
Oats	229,895	36,042	6.38
	1948		
Peas for Processing	31,271	372	84.06
Sweet Corn for Processing	31,254	474	65.94
Field Corn	4,778,447	85,439	55.93
Soya Beans	499,460	10,311	48.44
Wheat	2,574,250	71,904	35.80
Oats	1,086,854	40,191	27.04

Source: U. S. Department of Agriculture.

Table 7

Seasonal Weighted Average Prices of Seven Principal Fruits and Vegetables for Processing, 1935-1948

Years	Apricots	Peaches	Pears	Snap Beans	Sweet Corn	Green Peas	Tomatoes
	(dollars per ton)						
1935	52.30	28.80	21.30	43.06	9.31	51.80	11.73
1936	31.10	28.70	22.80	44.46	10.21	51.57	12.59
1937	42.00	39.50	23.10	47.94	11.56	52.72	13.11
1938	22.20	9.50	13.30	44.84	9.98	52.77	12.41
1939	26.40	20.80	27.20	42.27	8.40	47.25	12.14
1935-39 av.	34.80	25.46	21.54	44.51	9.89	51.22	12.40
1940	53.50	21.00	25.70	42.93	8.81	48.10	11.80
1941	44.50	44.00	41.90	53.40	9.68	48.67	15.06
1942	63.30	58.00	65.90	74.88	13.44	63.71	19.70
1943	102.00	65.00	69.60	93.69	18.34	80.29	26.28
1944	92.00	62.50	77.40	97.24	19.33	83.14	27.22
1945	109.00	63.00	72.60	104.23	19.21	83.26	27.58
1946	96.50	64.00	91.70	117.76	19.85	86.13	30.42
1947	72.60	49.50	73.50	104.03	20.82	87.19	28.63
1948	56.50	62.50	114.00	120.84	23.57	90.11	28.19

Source of data: Bureau of Agricultural Economics, U. S. Department of Agriculture.

SENATOR GILLETTE: Mr. Campbell, you have done a remarkably fine job in the preparation of this material. It is material that the subcommittee needs, and, of course, it is so comprehensive and so complete that it will take us a little time to digest it.

Is there anything in addition that you want to say?

MR. CAMPBELL: There is nothing additional to what is in here that I want to tell you.

MR. HADLICK: I think you have done a very fine job, Mr. Campbell, and I appreciate it very much, because I think this information will be very helpful to the committee.

MR. CAMPBELL: Thank you.

SENATOR GILLETTE: It is one of the fullest and most comprehensive statements that has been made, and we are very grateful to you for it. It may be after the staff and the committee, the subcommittee, have given it attention, the attention it deserves, we may ask additional information from you or we may call you back for some questioning.

MR. CAMPBELL: I will be available at any time; I live right here. Any time you have any questions I will be glad to try to answer them.

SENATOR GILLETTE: Well, thank you very much; we are very grateful to you.

The Committee will stand in recess until 2 o'clock this afternoon.